

Message Text

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DRAFTED BY L/N:RDSLOAN:MERS
APPROVED BY OES/NET/EIC - D. HOYLE
OES/NET/NEP - MR. MOFFITT
ACDA/GC - MR. MARSHALL
DOE/GC - MS. IZELL
DOE/IA - MS. MC FADDEN
ARA/AND/V - MR. SARGEANT
IO/SCT - MS. JILLSON

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C O N F I D E N T I A L STATE 159704

E.O. 11652: GDS

TAGS: IAEA, TECH, PARM, ENGR, VE

SUBJECT: NUCLEAR FUEL FOR VENEZUELAN RESEARCH REACTOR

REFS. A, VIENNA 9761 (1977); B) STATE 137095

1. AS INDICATED IN REFTEL (B), WE ARE NOW SUPPLYING
REVISED DRAFT SUPPLY AGREEMENT FOR TRANSFER OF 13,500
GRAMS OF LOW-ENRICHED URANIUM THROUGH THE IAEA TO VEN -
ZUELA FOR USE IN THE RV-1 RESEARCH REACTOR TOGETHER WITH
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DRAFT AMENDMENT TO PROJECT AGREEMENT AND NECESSARY EX-
CHANGE OF NOTES. WE HAVE TRIED TO CLOSELY FOLLO' THE
AGENCY DRAFT AGREEMENT SUPPLIED IN REFTEL (A) AS WELL AS
LANGUAGE USED FOR THE ARGENTINA-PERU-IAEA-U.S. FUEL
TRANSFER (GOV./1880/ADD. 1, 21 FEBRUARY 1978), WHERE
APPROPRIATE.

2. FOR USIAEA: PLEASE GIVE DRAFT AGREEMENT TEXT TO IAEA AND GOV REPRESENTATIVE IN VIENNA, ADVISING BOTH OF SUBSTANCE OF PARA 1 ABOVE. ALSO GIVE PROPOSED NOTE TEXTS TO GOV REPRESENTATIVE, ADVISING HIM THAT ALL DRAFT TEXTS HAVE BEEN PROVIDED TO AMEMBASSY CARACAS FOR TRANSMITTAL TO GOV AND THAT NOTES REFLECT REQUIREMENTS OF NUCLEAR NONPROLIFERATION ACT AND CURRENT US EXPORT POLICY INsofar

AS SUCH REQUIREMENTS ARE NOT ADEQUATELY COVERED IN AGREEMENT TEXTS. MISSION SHOULD ALSO CALL GOV REPRESENTATIVE ATTENTION TO NEED TO INSERT COUNTRY OF MANUFACTURER IN FIFTH PREAMBULAR PARAGRAPH.

3. FOR CARACAS: AS USUAL WITH RESPECT TO PROPOSED US TRANSFERS THROUGH IAEA, IT IS APPROPRIATE FOR NEGOTIATIONS (AT LEAST ON AGREEMENT TEXTS) TO BE CONDUCTED IN VIENNA. HOWEVER, TO FACILITATE EARLY GOV CONSIDERATION, PLEASE TRANSMIT ALL PROPOSED TEXTS TO GOV. AT GOV OPTION, DISCUSSIONS ON NOTES MAY BE HELD THROUGH MISSIONS IN VIENNA OR IN CARACAS.

4. TEXT OF DRAFT SUPPLY AGREEMENT FOLLOWS:

BEGIN TEXT:

DRAFT SUPPLY AGREEMENT BETWEEN THE INTERNATIONAL ATOMIC
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ENERGY AGENCY AND THE GOVERNMENTS OF THE UNITED STATES
OF AMERICA AND VENEZUELA, CONCERNING THE TRANSFER OF
ENRICHED URANIUM

WHEREAS THE IAEA (HEREINAFTER CALLED THE QUOTE AGENCY UNQUOTE) AND THE GOVERNMENT OF VENEZUELA (HEREINAFTER CALLED QUOTE VENEZUELA UNQUOTE) ON 7 NOVEMBER 1975 SIGNED AN AGREEMENT FOR ASSISTANCE BY THE AGENCY TO VENEZUELA IN A REACTOR PROJECT (HEREINAFTER CALLED THE QUOTE PROJECT AGREEMENT UNQUOTE) CONSISTING OF THE RV-1 POOL-TYPE REACTOR AT THE VENEZUELA SCIENTIFIC RESEARCH INSTITUTE (HEREINAFTER CALLED THE QUOTE REACTOR UNQUOTE) AND IN SECURING TITLE TO ENRICHED URANIUM CONTAINED IN FUEL ELEMENTS FOR THE REACTOR;

WHEREAS PURSUANT TO THE TITLE TRANSFER AGREEMENT CONCLUDED ON 7 NOVEMBER 1975 BETWEEN THE AGENCY, VENEZUELA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA (HEREINAFTER CALLED THE QUOTE UNITED STATES UNQUOTE), TITLE TO A PORTION OF THE ENRICHED URANIUM PREVIOUSLY LEASED BY THE UNITED STATES TO VENEZUELA UNDER BILATERAL ARRANGEMENTS HAS BEEN TRANSFERRED TO VENEZUELA THROUGH

THE AGENCY;

WHEREAS IN CONNECTION WITH THE PROJECT AGREEMENT, VENEZUELA HAS REQUESTED THE ASSISTANCE OF THE AGENCY IN SECURING FROM THE UNITED STATES AN ADDITIONAL SUPPLY OF ENRICHED URANIUM FOR THE CONTINUED OPERATION OF THE REACTOR;

HEREAS THE BOARD OF GOVERNORS OF THE AGENCY APPROVED THE CONTINUATION OF THE REACTOR PROJECT ON 24 SEPTEMBER 1977;

WHEREAS THE UNITED STATES

AND VENEZUELA, BEING PARTIES TO THE TREATY ON THE NON-CONFIDENTIAL

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PROLIFERATION OF NUCLEAR WEAPONS (HEREINAFTER CALLED THE QUOTE TREATY UNQUOTE) DESIRE TO PROMOTE UNIVERSAL ADHERENCE TO THE TREATY;

WHEREAS THE PARTIES AFFIRM SUPPORT OF THE OBJECTIVES OF THE TREATY AND THE STATUTE OF THE AGENCY (HEREINAFTER CALLED THE QUOTE AGENCY STATUTE UNQUOTE) AND IN THIS REGARD THEY HAVE DEMONSTRATED THEIR COMMITMENT TO ENSURING THAT THE INTERNATIONAL DEVELOPMENT AND USE OF NUCLEAR ENERGY FOR PEACEFUL PURPOSES ARE CARRIED OUT UNDER ARRANGEMENTS WHICH, TO THE MAXIMUM EXTENT, WILL PREVENT THE PROLIFERATION OF NUCLEAR EXPLOSIVE DEVICES;

WHEREAS VENEZUELA HAS MADE ARRANGEMENTS WITH A MANUFACTURER (HEREINAFTER CALLED THE QUOTE MANUFACTURER UNQUOTE) FOR THE FABRICATION OF ENRICHED URANIUM INTO FUEL ELEMENTS FOR THE REACTOR;

WHEREAS UNDER THE AGREEMENT FOR COOPERATION BETWEEN THE AGENCY AND THE US, CONCLUDED ON 11 MAY 1959, AS AMENDED (HEREINAFTER CALLED THE QUOTE COOPERATION AGREEMENT UNQUOTE), THE US UNDERTOOK TO MAKE AVAILABLE TO THE AGENCY PURSUANT TO THE AGENCY STATUTE CERTAIN QUANTITIES OF SPECIAL FISSIONABLE MATERIAL, AND ALSO UNDERTOOK, SUBJECT TO VARIOUS APPLICABLE PROVISIONS OF THE COOPERATION AGREEMENT AND LICENSE REQUIREMENTS, TO PERMIT, UPON REQUEST OF THE AGENCY, PERSONS UNDER THE JURISDICTION OF THE US TO MAKE ARRANGEMENTS TO TRANSFER AND EXPORT MATERIALS, EQUIPMENT OR FACILITIES FOR MEMBERS OF THE AGENCY IN CONNECTION WITH AN AGENCY PROJECT;

WHEREAS PURSUANT TO THE TERMS OF THE COOPERATION AGREEMENT, THE AGENCY AND THE US ON 14 JUNE 1974, CONCLUDED
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A MASTER AGREEMENT GOVERNING SALES OF SOURCE, BY-PRODUCT AND SPECIAL NUCLEAR MATERIAL FOR RESEARCH PURPOSES (HEREINAFTER CALLED THE QUOTE MASTER AGREEMENT UNQUOTE).

NOW THEREFORE, THE AGENCY, VENEZUELA AND THE US HEREBY AGREE AS FOLLOWS:

ARTICLE 1

SUPPLY OF ENRICHED URANIUM

1. THIS AGREEMENT CONCERNS THE TRANSFER OF ENRICHED URANIUM TO VENEZUELA FOR USE AS FUEL IN THE REACTOR.

2. THE AGENCY, PURSUANT TO ARTICLE IV OF THE COOPERATION AGREEMENT, SHALL REQUEST THE US TO PERMIT THE TRANSFER AND EXPORT TO VENEZUELA OF APPROXIMATELY 13,500 GRAMS OF URANIUM ENRICHED TO NO GREATER THAN TWENTY PERCENT BY WEIGHT IN THE ISOTOPE 235 (HEREINAFTER CALLED THE QUOTE SUPPLIED MATERIAL UNQUOTE).

3. THE US SHALL, SUBJECT TO THE PROVISIONS OF THE COOPERATION AGREEMENT AND THE MASTER AGREEMENT AND TO THE ISSUANCE OF ANY REQUIRED LICENSES OR PERMITS, TRANSFER TO THE AGENCY AND THE AGENCY SHALL TRANSFER TO VENEZUELA THE SUPPLIED MATERIAL.

4. THE PARTICULAR TERMS AND CONDITIONS FOR THE TRANSFER OF THE SUPPLIED MATERIAL, INCLUDING CHARGES, A SCHEDULE OF DELIVERIES AND SHIPPING INSTRUCTIONS, SHALL BE SPECIFIED IN A SUPPLEMENTAL CONTRACT TO THE MASTER AGREEMENT TO BE CONCLUDED BY THE AGENCY, VENEZUELA, AND THE US (HEREINAFTER CALLED THE QUOTE SUPPLEMENTAL CONTRACT UNQUOTE).

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5. EXCEPT AS SPECIFIED IN THIS AGREEMENT, THE US DOES NOT ASSUME ANY OBLIGATIONS OR RESPONSIBILITIES INsofar AS THE REACTOR PROJECT IS CONCERNED. IN PARTICULAR, VENEZUELA SHALL ASSUME FULL RESPONSIBILITY FOR ANY CLAIMS ARISING OUT OF ITS ACTIVITIES IN CONNECTION WITH THE REACTOR PROJECT.

ARTICLE 2

SHIPMENT OF THE SUPPLIED MATERIAL

1 ALL ARRANGEMENTS FOR THE EXPORT FROM THE UNITED STATES OF AMERICA OF THE SUPPLIED MATERIAL SHALL BE THE RESPONSIBILITY OF VENEZUELA AND THE MANUFACTURER. PRIOR TO THE EXPORT OF THE SUPPLIED MATERIAL, VENEZUELA SHALL NOTIFY THE AGENCY OF THE AMOUNT THEREOF AND OF THE DATE AND METHOD OF SHIPMENT. AT SUCH TIME AS THE SUPPLIED MATERIAL IS ENTRUSTED TO A LICENSED PUBLIC CARRIER SELECTED BY VENEZUELA AND ACCEPTABLE TO THE US, TITLE SHALL VEST IN THE AGENCY AND SHALL THEREAFTER IMMEDIATELY AND AUTOMATICALLY VEST IN VENEZUELA. AFTER EXPORT FROM THE UNITED STATES OF AMERICA, SUCH MATERIAL SHALL BE ENTRUSTED TO A LICENSED PUBLIC CARRIER SELECTED BY VENEZUELA OR SHALL BE ACCOMPANIED BY A RESPONSIBLE PERSON DESIGNATED BY VENEZUELA.

2. PRIOR ARRANGEMENTS SHALL BE MADE BETWEEN VENEZUELA, THE MANUFACTURER, THE CARRIER SELECTED TO BE RESPONSIBLE IN THE UNITED STATES OF AMERICA, AND THE CARRIER SELECTED OR PERSON DESIGNATED BY VENEZUELA, CONCERNING THE DATE OF SHIPMENT AND OTHER DETAILS PERTAINING TO SHIPMENT. THE ARRANGEMENTS SHALL INCLUDE AGREEMENT ON THE TIME AND PLACE WHEN PHYSICAL POSSESSION OF THE SUPPLIED MATERIAL

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SHALL BE TRANSFERRED TO THE LICENSED PUBLIC CARRIER SELECTED OR PERSON DESIGNATED BY VENEZUELA AT WHICH TIME AND PLACE TRANSPORT RESPONSIBILITY SHALL ALSO BE TRANSFERRED TO THAT CARRIER OR PERSON.

ARTICLE 3

PAYMENT

1. VENEZUELA SHALL PAY THE MANUFACTURER ALL CHARGES FOR OR CONNECTED WITH THE FABRICATION OF THE SUPPLIED MATERIAL INTO FUEL ELEMENTS, IN ACCORDANCE WITH THE ARRANGEMENTS MADE BETWEEN VENEZUELA AND THE MANUFACTURER.

2. VENEZUELA SHALL PAY THE UNITED STATES ALL CHARGES FOR OR CONNECTED WITH THE SUPPLIED MATERIAL IN ACCORDANCE WITH THE PROVISIONS OF THE SUPPLEMENTAL CONTRACT.

3. IN EXTENDING THEIR ASSISTANCE FOR THE REACTOR PROJECT, NEITHER THE AGENCY NOR THE US ASSUMES ANY FINANCIAL RESPONSIBILITY IN CONNECTION WITH THE TRANSFER OF SUPPLIED MATERIAL BY THE UNITED STATES TO VENEZUELA.

4. IN ORDER TO ASSIST AND ENCOURAGE RESEARCH ON PEACEFUL USES OR FOR MEDICAL THERAPY, THE US HAS IN EACH CALENDAR YEAR OFFERED TO DISTRIBUTE TO THE AGENCY, FREE OF CHARGE, SPECIAL FISSIONABLE MATERIAL OF A VALUE OF UP TO 50,000 US DOLLARS AT THE TIME OF TRANSFER TO BE SUPPLIED FROM THE AMOUNTS SPECIFIED IN ARTICLE 2 (A) OF THE COOPERATION AGREEMENT. THE US HAS DETERMINED THAT THE REACTOR PROJECT TO WHICH THIS AGREEMENT RELATES SHALL BENEFIT FROM THIS ENTIRE GIFT OFFER FOR 1977. THE PAYMENTS PROVIDED FOR IN PARAGRAPH 2 OF THIS ARTICLE SHALL BE REDUCED BY THE VALUE OF THE GIFT MATERIAL MADE AVAILABLE.

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HANDLING AND USE

THE PARTIES SHALL TAKE ALL APPROPRIATE MEASURES TO ENSURE THE SAFE HANDLING AND USE OF THE SUPPLIED MATERIAL. AFTER DELIVERY OF THE SUPPLIED MATERIAL TO VENEZUELA, ITS AGENT OR ANY PERSON UNDER VENEZUELAN JURISDICTION, THE SAFE HANDLING AND USE OF THE SUPPLIED MATERIAL SHALL BE THE RESPONSIBILITY OF VENEZUELA. NEITHER THE UNITED STATES, NOR THE AGENCY NOR ANY PERSON ACTING ON BEHALF OF THE US OR THE AGENCY WARRANTS THE SUITABILITY OR FITNESS OF THE SUPPLIED MATERIAL FOR ANY PARTICULAR USE OR APPLICATION OR SHALL AT ANY TIME BEAR ANY RESPONSIBILITY TOWARDS VENEZUELA OR ANY OTHER PERSON, FOR THE SAFE HANDLING AND USE OF THE SUPPLIED MATERIAL.

ARTICLE 5

SAFEGUARDS

1. VENEZUELA UNDERTAKES THAT NONE OF THE FOLLOWING MATERIAL SHALL BE USED FOR THE MANUFACTURE OF ANY EXPLOSIVE DEVICE OR FOR RESEARCH ON OR THE DEVELOPMENT OF ANY NUCLEAR EXPLOSIVE DEVICE, OR FOR ANY OTHER MILITARY PURPOSE.

(A) THE SUPPLIED MATERIAL;

(B) ANY SPECIAL FISSIONABLE MATERIAL PRODUCED IN OR BY THE USE OF THE SUPPLIED MATERIAL, INCLUDING SUBSEQUENT GENERATIONS OF PRODUCED SPECIAL FISSIONABLE MATERIAL.

2. THE AGENCY SHALL APPLY SAFEGUARDS TO THE NUCLEAR
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MATERIAL REFERRED TO IN PARAGRAPH 1 ABOVE IN ACCORDANCE WITH THE PROVISIONS OF THE PROJECT AGREEMENT.

3. VENEZUELA SHALL PERMIT THE AGENCY AND THE AGENCY UNDERTAKES TO INFORM THE UNITED STATES OF THE STATUS OF ALL INVENTORIES OF ANY MATERIALS REQUIRED TO BE SAFE-GUARDED UNDER THIS AGREEMENT, SHOULD THE UNITED STATES SO REQUEST.

4. THE REACTOR AND THE SUPPLIED MATERIAL AND ANY NUCLEAR MATERIAL CONTAINED, USED, PRODUCED, OR PROCESSED IN OR BY THE USE OF THE REACTOR OR THE SUPPLIED MATERIAL, INCLUDING SUBSEQUENT GENERATIONS OF SPECIAL FISSIONABLE MATERIAL, SHALL BE USED EXCLUSIVELY BY AND REMAIN AT THE

VENEZUELAN SCIENTIFIC RESEARCH INSTITUTE, UNLESS OTHERWISE AGREED BY THE PARTIES OF THIS AGREEMENT.

5. THE SUPPLIED MATERIAL AND ANY SPECIAL FISSIONABLE MATERIAL CONTAINED, USED, PRODUCED, OR PROCESSED IN OR BY THE USE OF THE REACTOR OR THE SUPPLIED MATERIAL, INCLUDING SUBSEQUENT GENERATIONS OF SPECIAL FISSIONABLE MATERIAL SHALL BE STORED OR REPROCESSED OR OTHERWISE ALTERED IN FORM OR CONTENT ONLY UNDER CONDITIONS AND IN FACILITIES ACCEPTABLE TO ALL PARTIES TO THIS AGREEMENT. SUCH MATERIAL SHALL NOT BE FURTHER ENRICHED UNLESS SPECIFICALLY PROVIDED BY AN AMENDMENT TO THIS AGREEMENT OR BY A SUBSEQUENT SEPARATE AGREEMENT.

6. VENEZUELA UNDERTAKES THAT IT SHALL MAINTAIN THE SAFEGUARDS REQUIRED BY THIS AGREEMENT AND SHALL FACILITATE THE APPLICATION OF SUCH SAFEGUARDS.

ARTICLE 6

PHYSICAL PROTECTION

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1. VENEZUELA UNDERTAKES THAT ADEQUATE PHYSICAL PROTECTION SHALL BE MAINTAINED, IN ACCORDANCE WITH PARAGRAPH 2 OF THIS ARTICLE, WITH RESPECT TO THE SUPPLIED MATERIAL AND WITH RESPECT TO ANY SPECIAL FISSIONABLE MATERIAL USED IN OR PRODUCED THROUGH THE USE OF THE SUPPLIED MATERIAL.

2. THE PARTIES AGREE TO THE LEVELS FOR THE APPLICATION OF PHYSICAL PROTECTION SET FORTH IN THE ANNEX TO THIS AGREEMENT, WHICH LEVELS MAY BE MODIFIED BY MUTUAL CONSENT OF THE PARTIES WITHOUT AMENDMENT OF THIS AGREEMENT. VENEZUELA SHALL MAINTAIN ADEQUATE PHYSICAL SECURITY MEASURES IN ACCORDANCE WITH SUCH LEVELS. THESE MEASURES SHALL AS A MINIMUM PROVIDE PROTECTION COMPARABLE TO THAT SET FORTH IN AGENCY DOCUMENT INFCIRC/225/REV. 1, ENTITLED, QUOTE THE PHYSICAL PROTECTION OF NUCLEAR MATERIAL, UNQUOTE AS IT MAY BE REVISED FROM TIME TO TIME.

3. THE ADEQUACY AND IMPLEMENTATION OF PHYSICAL PROTECTION MEASURES MAINTAINED PURSUANT TO THIS ARTICLE SHALL BE REVIEWED BY THE PARTIES PERIODICALLY AND WHENEVER ANY PARTY IS OF THE VIEW THAT A REVISION MAY BE REQUIRED TO MAINTAIN ADEQUATE PHYSICAL SECURITY.

ARTICLE 7

SAFETY STANDARDS AND MEASURES

THE SAFETY STANDARDS AND MEASURES SPECIFIED IN THE PROJECT AGREEMENT SHALL, TO THE EXTENT RELEVANT, APPLY TO THE NUCLEAR MATERIAL SUBJECT TO THIS AGREEMENT.

ARTICLE 8

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SETTLEMENT OF DISPUTES

1. ANY DISPUTE ARISING OUT OF THE INTERPRETATION OR IMPLEMENTATION OF THIS AGREEMENT, WHICH IS NOT SETTLED BY NEGOTIATION OR AS MAY OTHERWISE BE AGREED BY THE PARTIES CONCERNED, SHALL ON THE REQUEST OF ANY SUCH PARTY BE SUBMITTED TO AN ARBITRAL TRIBUNAL COMPOSED AS FOLLOWS: EACH PARTY TO THE DISPUTE SHALL DESIGNATE ONE ARBITRATOR AND THE ARBITRATORS SO DESIGNATED SHALL BY UNANIMOUS DECISION ELECT AN ADDITIONAL ARBITRATOR, WHO SHALL BE THE CHAIRMAN. IF THE NUMBER OF ARBITRATORS SO SELECTED IS EVEN, THE PARTIES TO THE DISPUTE SHALL BY UNANIMOUS DECISION ELECT AN ADDITIONAL ARBITRATOR. IF WITHIN THIRTY (30) DAYS OF THE REQUEST FOR ARBITRATION ANY PARTY TO THE DISPUTE HAS NOT DESIGNATED AN ARBITRATOR, ANY OTHER PARTY TO THE DISPUTE MAY REQUEST THE PRESIDENT OF THE INTERNATIONAL COURT OF JUSTICE TO APPOINT THE NECESSARY NUMBER OF ARBITRATORS. THE SAME PROCEDURE SHALL APPLY IF WITHIN THIRTY (30) DAYS OF THE DESIGNATION OR APPOINTMENT OF THE ARBITRATORS, THE CHAIRMAN OR ANY REQUIRED ADDITIONAL ARBITRATOR HAS NOT BEEN ELECTED. A MAJORITY OF

THE MEMBERS OF THE ARBITRAL TRIBUNAL SHALL CONSTITUTE A QUORUM, AND ALL DECISIONS SHALL BE MADE BY MAJORITY VOTE. THE ARBITRAL PROCEDURES SHALL BE ESTABLISHED BY THE TRIBUNAL, WHOSE DECISIONS, INCLUDING ALL RULINGS CONCERNING ITS CONSTITUTION, PROCEDURE, JURISDICTION AND THE DIVISION OF THE EXPENSES OF ARBITRATION BETWEEN THE PARTIES TO THE DISPUTE, SHALL BE FINAL AND BINDING ON ALL THE PARTIES CONCERNED. THE REMUNERATION OF THE ARBITRATORS SHALL BE DETERMINED ON THE SAME BASIS AS THAT OF AD HOC JUDGES OF THE INTERNATIONAL COURT OF JUSTICE.

2. ANY DECISION OF THE BOARD CONCERNING THE IMPLEMENTATION OF ARTICLE 5 AND 6 SHALL, IF THE DECISION SO PROVIDES, BE GIVEN EFFECT IMMEDIATELY BY VENEZUELA AND CONFIDENTIAL

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THE AGENCY PENDING THE FINAL SETTLEMENT OF ANY DISPUTE.

ARTICLE 9

ENTRY INTO FORCE

1. THIS AGREEMENT SHALL ENTER INTO FORCE UPON SIGNATURE BY OR FOR THE DIRECTOR GENERAL OF THE AGENCY AND BY THE

AUTHORIZED REPRESENTATIVES OF VENEZUELA AND THE US

2. THIS AGREEMENT SHALL CONTINUE IN EFFECT SO LONG AS ANY NUCLEAR MATERIAL WHICH WAS EVER SUBJECT TO THIS AGREEMENT REMAINS IN THE TERRITORY OF VENEZUELA OR UNDER THE JURISDICTION OF VENEZUELA OR UNDER ITS CONTROL ANYWHERE OR UNTIL SUCH TIME AS THE PARTIES AGREE THAT SUCH MATERIAL IS NO LONGER USEABLE FOR ANY NUCLEAR ACTIVITY RELEVANT FROM THE POINT OF VIEW OF SAFEGUARDS.

DONE IN VIENNA ON DAY OF 1978,
IN TRIPPLICATE IN THE ENGLISH AND SPANISH LANGUAGES, THE
TEXT IN BOTH LANGUAGES BEING EQUALLY AUTHENTIC.

FOR THE INTERNATIONAL ATOMIC ENERGY AGENCY:

FOR THE GOVERNMENT OF VENEZUELA:

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

ANNEX

PURSUANT TO ARTICLE 6, THE AGREED LEVELS OF PHYSICAL
SECURITY TO BE ENSURED BY THE COMPETENT NATIONAL
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AUTHORITIES IN THE USE, STORAGE AND TRANSPORTATION OF THE MATERIALS LISTED IN THE ATTACHED TABLE SHALL AS A MINIMUM INCLUDE PROTECTION CHARACTERISTICS AS FOLLOWS:

CATEGORY III

USE AND STORAGE WITHIN AN AREA TO WHICH ACCESS IS CONTROLLED.

TRANSPORTATION UNDER SPECIAL PRECAUTIONS INCLUDING PRIOR ARRANGEMENT AMONG SENDER, RECIPIENT AND CARRIER, AND PRIOR AGREEMENT BETWEEN ENTITIES SUBJECT TO THE JURISDICTION AND REGULATION OF SUPPLIER AND RECIPIENT STATES, RESPECTIVELY, IN CASE OF INTERNATIONAL TRANSPORT, SPECIFYING TIME, PLACE AND PROCEDURES FOR TRANSFERRING TRANSPORT RESPONSIBILITY.

CATEGORY II

USE AND STORAGE WITHIN A PROTECTED AREA TO WHICH ACCESS IS CONTROLLED, I.E., AN AREA UNDER CONSTANT SURVEILLANCE BY GUARDS OR ELECTRONIC DEVICES, SURROUNDED BY A PHYSICAL BARRIER WITH A LIMITED NUMBER OF POINTS OF ENTRY UNDER APPROPRIATE CONTROL, OR ANY AREA WITH AN EQUIVALENT LEVEL

OF PHYSICAL PROTECTION.

TRANSPORTATION UNDER SPECIAL PRECAUTIONS INCLUDING PRIOR ARRANGEMENTS AMONG SENDER, RECIPIENT AND CARRIER, AND PRIOR AGREEMENT BETWEEN ENTITIES SUBJECT TO THE JURISDICTION AND REGULATION OF SUPPLIER AND RECIPIENT STATES, RESPECTIVELY, IN CASE OF INTERNATIONAL TRANSPORT, SPECIFYING TIME, PLACE AND PROCEDURES FOR TRANSFERRING TRANSPORT RESPONSIBILITY.

CATEGORY I

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MATERIALS IN THIS CATEGORY SHALL BE PROTECTED WITH HIGHLY RELIABLE SYSTEMS AGAINST UNAUTHORIZED USE AS FOLLOWS:

USE AND STORAGE WITHIN A HIGHLY PROTECTED AREA, I.E., A PROTECTED AREA AS DEFINED FOR CATEGORY II ABOVE, TO WHICH, IN ADDITION, ACCESS IS RESTRICTED TO PERSONS WHOSE

TRUSTWORTHINESS HAS BEEN DETERMINED, AND WHICH IS UNDER SURVEILLANCE BY GUARDS WHO ARE IN CLOSE COMMUNICATION WITH APPROPRIATE RESPONSE FORCES. SPECIFIC MEASURES TAKEN IN THIS CONTEXT SHOULD HAVE AS THEIR OBJECTIVE THE DETECTION AND PREVENTION OF ANY ASSAULT, UNAUTHORIZED ACCESS TO UNAUTHORIZED REMOVAL OF MATERIAL.

TRANSPORTATION UNDER SPECIAL PRECAUTIONS AS IDENTIFIED ABOVE FOR TRANSPORTATION OF CATEGORY II AND III MATERIALS AND, IN ADDITION, UNDER CONSTANT SURVEILLANCE BY ESCORTS AND UNDER CONDITIONS WHICH ASSURE CLOSE COMMUNICATION WITH APPROPRIATE RESPONSE FORCE.

(INSERT CHART FROM PAGE 6 OF INFCIRC/225/REV.1)

END TEXT

5. TEXT OF DRAFT AMENDMENT TO PROJECT AGREEMENT FOLLOWS:

BEGIN TEXT

AMENDMENT TO THE PROJECT AGREEMENT BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THE GOVERNMENT OF VENEZUELA FOR ASSISTANCE BY THE AGENCY TO VENEZUELA IN CONTINUING A REACTOR PROJECT.

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WHEREAS, IN JUNE 1974, THE BOARD OF GOVERNORS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY (HEREINAFTER CALLED THE QUOTE BOARD UNQUOTE) APPROVED THE TRANSFER, FROM THE GOVERNMENT OF THE UNITED STATES OF AMERICA (HEREINAFTER

CALLED THE QUOTE UNITED STATES UNQUOTE) TO THE GOVERNMENT OF VENEZUELA (HEREINAFTER CALLED QUOTE VENEZUELA UNQUOTE) THROUGH THE INTERNATIONAL ATOMIC ENERGY AGENCY (HEREINAFTER CALLED THE QUOTE AGENCY UNQUOTE) OF TITLE TO 15,256 GRAMS OF URANIUM ENRICHED TO APPROXIMATELY 17.70 PERCENT IN THE ISOTOPE 235 AND 1008 GRAMS OF URANIUM ENRICHED TO APPROXIMATELY 19.92 PERCENT IN THE ISOTOPE 235 FOR USE AS FUEL IN THE RV-1 RESEARCH REACTOR AT THE VENEZUELA SCIENTIFIC RESEARCH INSTITUTE (HEREINAFTER CALLED THE QUOTE REACTOR UNQUOTE); AND

WHEREAS PURSUANT TO THE BOARD'S AUTHORIZATION, THE AGENCY AND VENEZUELA CONCLUDED ON 7 NOVEMBER 1975 A PROJECT AGREEMENT FOR ASSISTANCE BY THE AGENCY TO VENEZUELA FOR THE CONTINUED OPERATION OF THE REACTOR, INFCIRC/238, PART II; AND

WHEREAS, VENEZUELA HAS NOW REQUESTED FURTHER ASSISTANCE FROM THE AGENCY IN OBTAINING FROM THE US THE SUPPLY OF 13,500 GRAMS OF URANIUM ENRICHED TO NO GREATER THAN TWENTY PERCENT IN THE ISOTOPE 235 FOR FABRICATION INTO TWENTY FUEL ELEMENTS, EACH CONTAINING 135 GRAMS OF URANIUM 235, FOR THE CONTINUED OPERATION OF THE REACTOR; AND

WHEREAS THE BOARD APPROVED THIS ADDITIONAL ASSISTANCE BY THE AGENCY TO VENEZUELA ON 24 SEPTEMBER 1977;

NOW THEREFORE, THE PARTIES TO THIS AGREEMENT AGREE TO AMEND THE PROJECT AGREEMENT AS FOLLOWS:

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1. ARTICLE II IS AMENDED TO READ AS FOLLOWS:

ARTICLE II

SUPPLY OF SPECIAL FISSIONABLE MATERIAL

SECTION 2. THE AGENCY HEREBY ALLOCATES TO THE PROJECT DESCRIBED IN ARTICLE I, AND PROVIDES TO VENEZUELA, ENRICHED URANIUM (HEREINAFTER CALLED THE QUOTE SUPPLIED MATERIAL UNQUOTE) PURSUANT TO THE TERMS OF THE TITLE TRANSFER AGREEMENT AND ANY SUBSEQUENT SUPPLY AGREEMENT, WHICH CONSTITUTE AN INTEGRAL PART OF THIS AGREEMENT TO THE EXTENT THAT THEY CREATE RIGHTS AND OBLIGATIONS BETWEEN THE AGENCY AND VENEZUELA

2. ARTICLE IV IS AMENDED TO READ AS FOLLOWS:

ARTICLE IV

AGENCY SAFEGUARDS

SECTION 4. VENEZUELA UNDERTAKES THAT NONE OF THE FOLLOWING ITEMS SHALL BE USED FOR THE MANUFACTURE OF ANY NUCLEAR WEAPON OR ANY NUCLEAR EXPLOSIVE DEVICE OR FOR RESEARCH ON OR THE DEVELOPMENT OF ANY NUCLEAR WEAPON OR ANY NUCLEAR EXPLOSIVE DEVICE, OR FOR ANY OTHER MILITARY PURPOSE:

(A) THE SUPPLIED MATERIAL;

(B) THE RESEARCH REACTOR;

(C) ANY SPECIAL FISSIONABLE MATERIAL PRODUCED IN OR BY
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THE USE OF THE RESEARCH REACTOR OR THE SUPPLIED MATERIAL, INCLUDING SUBSEQUENT GENERATIONS OF PRODUCED SPECIAL FISSIONABLE MATERIAL.

SECTION 5. IT IS SPECIFIED THAT THE SAFEGUARDS RIGHTS AND RESPONSIBILITIES OF THE AGENCY PROVIDED FOR IN PARAGRAPH A OF ARTICLE XII OF ITS STATUTE ARE RELEVANT TO THE PROJECT AND SHALL BE IMPLEMENTED AND MAINTAINED WITH RESPECT TO THE PROJECT. VENEZUELA SHALL CO-OPERATE WITH THE AGENCY TO FACILITATE THE IMPLEMENTATION OF THE SAFEGUARDS REQUIRED BY THIS AGREEMENT.

SECTION 6. IT IS SPECIFIED THAT THE IMPLEMENTATION OF THE AGENCY'S SAFEGUARDS RIGHTS AND RESPONSIBILITIES REFERRED TO IN SECTION 5 OF THIS ARTICLE IS SATISFIED BY THE APPLICATION OF THE SAFEGUARDS PROCEDURES PURSUANT TO THE AGREEMENT OF 1978 BETWEEN VENEZUELA AND THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE APPLICATION OF SAFEGUARDS IN CONNECTION WITH THE TREATY FOR THE PROHIBITION OF NUCLEAR WEAPONS IN LATIN AMERICA AND THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS.

SECTION 7. IN THE EVENT THE BOARD DETERMINES, IN ACCORDANCE WITH ARTICLE XII.C OF THE STATUTE OF THE AGENCY, THAT THERE HAS BEEN ANY NON-COMPLIANCE WITH SECTIONS 4 OR 5 OF THIS ARTICLE, THE BOARD SHALL CALL UPON VENEZUELA TO REMEDY SUCH NON-COMPLIANCE FORTHWITH, AND THE BOARD SHALL MAKE SUCH REPORTS AS IT DEEMS APPROPRIATE. IN THE EVENT OF FAILURE BY VENEZUELA TO TAKE FULLY CORRECTIVE ACTION WITHIN A REASONABLE TIME, THE BOARD MAY TAKE ANY OTHER MEASURES PROVIDED FOR IN ARTICLE XII.C OF THE STATUTE OF THE AGENCY. END TEXT.

6. WE ASSUME AGENCY WILL INSERT UPDATED SAFETY STAND;RDS AND MEASURES ANNEX.

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7. TEXT OF DRAFT US NOTE TO VENEZUELA FOLLOWS:

BEGIN TEXT

I HAVE THE HONOUR TO REFER TO THE SUPPLY AGREEMENT BETWEEN THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THE GOVERNMENTS OF VENEZUELA AND THE UNITED STATES OF AMERICA CONCERNING

THE TRANSFER OF ENRICHED URANIUM (HEREINAFTER CALLED QUOTE THE SUPPLY AGREEMENT UNQUOTE). I ALSO HAVE THE HONOR TO REFER TO THE PROJECT AGREEMENT BETWEEN THE GOVERNMENT OF VENEZUELA AND THE IAEA (HEREINAFTER CALLED QUOTE THE PROJECT AGREEMENT UNQUOTE), WHEREBY THE AGENCY HAS GRANTED ITS ASSISTANCE TO VENEZUELA IN HELPING VENEZUELA TO OBTAIN ADDITIONAL ENRICHED URANIUM FUEL FOR USE IN THE RV-1 RESEARCH REACTOR IN VENEZUELA.

THE GOVERNMENT OF THE UNITED STATES RECOGNIZES THAT THE GOVERNMENTS OF VENEZUELA AND THE UNITED STATES SHARE A COMMON INTEREST IN ENCOURAGING UNIVERSAL ADHERENCE TO THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS AND THAT THE TWO GOVERNMENTS ARE DEEPLY COMMITTED TO THE PEACEFUL USES OF NUCLEAR ENERGY FOR THE BENEFIT OF THEIR PEOPLE AND OF ALL MANKIND.

DURING THE DISCUSSIONS LEADING UP TO THE SUPPLY AGREEMENT AND THE AMENDMENT TO THE PROJECT AGREEMENT, WHICH WERE SIGNED TODAY, THE FOLLOWING ADDITIONAL UNDERSTANDINGS WERE REACHED.

IN THE EVENT THAT THE GOVERNMENT OF VENEZUELA OR THE GOVERNMENT OF THE UNITED STATES BECOMES AWARE OF CIRCUMSTANCES WHICH DEMONSTRATE THAT THE AGENCY IS FOR ANY REASON UNABLE TO APPLY SAFEGUARDS AS PROVIDED FOR BY THE CONFIDENTIAL

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AGREEMENT FOR THE APPLICATION OF SAFEGUARDS IN CONNECTION WITH THE TREATY FOR THE PROHIBITION OF NUCLEAR WEAPONS IN LATIN AMERICA AND THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS (THE QUOTE SAFEGUARD AGREEMENT UNQUOTE) OR UNDER OTHER ARRANGEMENTS FOR THE IMPLEMENTATION OF THE AGENCY'S SAFEGUARDS RIGHTS AND RESPONSIBILITIES AS SPECIFIED IN SECTION 5 OF ARTICLE IV OF THE PROJECT AGREEMENT AND AS REFERENCED IN SECTION 2 OF ARTICLE 5 OF THE SUPPLY AGREEMENT OR TO ENSURE THAT THE UNDERTAKING MADE BY THE GOVERNMENT OF VENEZUELA IN SECTION 1 OF ARTICLE 5 OF THE SUPPLY AGREEMENT IS BEING FULFILLED, THE PROVISIONS OF NUMBERED PARAGRAPHS 1, 2 AND 3 SHALL APPLY. THESE PROVISIONS REFLECT THE TERMS OF UNITED STATES

BILATERAL SAFEGUARDS ARRANGEMENTS WHICH ARE PROVIDED FOR IN THE UNITED STATES-VENEZUELA AGREEMENT FOR COOPERATION AND OTHER AGREEMENTS FOR COOPERATION AND WHICH WOULD BE IMPLEMENTED ONLY IN THE CIRCUMSTANCES REFERRED TO ABOVE.

1. THE US SHALL HAVE THE RIGHT TO REVIEW THE DESIGN OF

A. THE RV-1 RESEARCH REACTOR, AND

B. ANY OTHER EQUIPMENT, THE DESIGN OF WHICH THE US DETERMINES TO BE RELEVANT TO THE EFFECTIVE APPLICATION OF SAFEGUARDS,

WHICH ARE TO BE USED, FABRICATE, OR PROCESS ANY MATERIAL TRANSFERRED PURSUANT TO THE AGREEMENT OR ANY SPECIAL NUCLEAR MATERIAL USED IN OR PRODUCED THROUGH THE USE OF SUCH MATERIAL.

2. THE US SHALL HAVE THE RIGHT TO REQUIRE THE MAINTENANCE AND PRODUCTION OF RECORDS AND TO REQUEST AND RECEIVE REPORTS FOR THE PURPOSE OF ASSISTING IN ENSURING THE ACCOUNTABILITY FOR ANY MATERIAL TRANSFERRED TO VENEZUELA
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BY THE US PURSUANT TO THIS AGREEMENT AND ANY SOURCE MATERIAL OR SPECIAL NUCLEAR MATERIAL USED IN OR PRODUCED THROUGH THE USE OF SUCH MATERIAL SO TRANSFERRED.

3. FOR PURPOSES OF ENSURING THAT THERE IS COMPLIANCE WITH THIS AGREEMENT, THE US SHALL AS NECESSARY TO ACCOUNT FOR THE MATERIAL SUBJECT TO PARAGRAPH 2, HAVE THE RIGHT TO:

A. DESIGNATE, AFTER CONSULTATION WITH VENEZUELA PERSONNEL, WHO, ACCOMPANIED, IF EITHER PARTY SO REQUESTS, BY PERSONNEL DESIGNATED BY VENEZUELA, SHALL HAVE ACCESS IN VENEZUELA TO ALL PLACES AND DATA,

B. INSPECT ANY EQUIPMENT;

C. INSTALL ANY DEVICES, AND

D. MAKE SUCH INDEPENDENT MEASUREMENTS AS MAY BE DEEMED NECESSARY.

IN ACCORDANCE WITH ITS OBLIGATIONS UNDER THE SAFEGUARDS AGREEMENT, VENEZUELA SHALL ESTABLISH AND MAINTAIN A SYSTEM OF ACCOUNTING FOR AND CONTROL OF ALL MATERIAL SUBJECT TO THE AGREEMENT, TO BE BASED ON A STRUCTURE OF MATERIAL BALANCE AREAS AND TO INCLUDE SUCH MEASURES AS:

A. A MEASUREMENT SYSTEM, WHICH CONFORMS TO THE LATEST INTERNATIONAL STANDARDS OR IS EQUIVALENT IN QUALITY TO SUCH STANDARDS, FOR THE DETERMINATION OF THE QUANTITIES OF MATERIAL RECEIVED, PRODUCED, SHIPPED, LOST OR OTHERWISE REMOVED FROM INVENTORY, AND THE QUANTITIES ON INVENTORY;

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B. THE EVALUATION OF PRECISION AND ACCURACY OF MEASUREMENTS AND THE ESTIMATION OF MEASUREMENT UNCERTAINTY;

C. PROCEDURES FOR IDENTIFYING, REVIEWING AND EVALUATING DIFFERENCES BETWEEN SHIPPER AND RECEIVER MEASUREMENTS;

D. PROCEDURES FOR TAKING A PHYSICAL INVENTORY;

E. PROCEDURES FOR THE EVALUATION OF ACCUMULATIONS OF UNMEASURED INVENTORY AND UNMEASURED LOSSES;

F. A SYSTEM OF RECORDS AND REPORTS SHOWING, FOR EACH MATERIAL BALANCE AREA, THE INVENTORY OF MATERIAL AND THE CHANGES IN THAT INVENTORY INCLUDING RECEIPTS INTO AND TRANSFERS OUT OF THE MATERIAL BALANCE AREA; AND

G. PROVISIONS TO ENSURE THAT THE VENEZUELAN PROCEDURES AND ARRANGEMENTS ARE BEING OPERATED CORRECTLY; AND

H. OTHER SYSTEMS OF MEASUREMENT, CONTAINMENT AND SURVEILLANCE AS ARE NECESSARY TO FACILITATE THE APPLICATION OF SAFEGUARDS.

THE US EXPRESSES ITS CONVICTION THAT VENEZUELA INTENDS TO COMPLY WITH ALL OF ITS OBLIGATIONS UNDER THE SUPPLY AGREEMENT. HOWEVER, IN THE EVENT THAT VENEZUELA, AT ANY TIME FOLLOWING ENTRY INTO FORCE OF THE SUPPLY AGREEMENT:

A. DOES NOT COMPLY WITH ARTICLES 5, 6 AND 9 OF THIS SUPPLY AGREEMENT OR WITH THIS EXCHANGE OF NOTES;

B. DOES NOT ACCEPT SAFEGUARDS AS PROVIDED FOR BY THE SAFEGUARDS AGREEMENT;

C. DETONATES A NUCLEAR EXPLOSIVE DEVICE;

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D. TERMINATES OR ABROGATES IAEA SAFEGUARDS; OR

E. MATERIALLY VIOLATES AN IAEA SAFEGUARDS AGREEMENT,

THE US SHALL HAVE THE RIGHT TO REQUIRE THE RETURN OF ANY

MATERIAL SUBJECT TO THE SUPPLY AGREEMENT.

IN THE EVENT THAT VENEZUELA, AT ANY TIME FOLLOWING THE
ENTRY INTO FORCE OF THE SUPPLY AGREEMENT

A. ASSISTS, ENCOURAGES, OR INDUCES ANY NON-NUCLEAR
WEAPON STATE TO ENGAGE IN ACTIVITY INVOLVING SOURCE OR
SPECIAL NUCLEAR MATERIAL AND HAVING DIRECT SIGNIFICANCE
FOR THE MANUFACTURE OF NUCLEAR EXPLOSIVE DEVICES, OR

B. ENTERS INTO AN AGREEMENT FOR THE TRANSFER OF RE-
PROCESSING EQUIPMENT, MATERIALS, OR TECHNOLOGY TO THE
SOVEREIGN CONTROL OF A NON-NUCLEAR-WEAPON STATE EXCEPT
IN CONNECTION WITH AN INTERNATIONAL FUEL CYCLE EVALUATION
IN WHICH BOTH PARTIES PARTICIPATE OR PURSUANT TO A SUB-
SEQUENT INTERNATIONAL AGREEMENT OR UNDERSTANDING TO WHICH
BOTH PARTIES SUBSCRIBE,

THE US SHALL AT ITS OPTION BE DISCHARGED OF ITS OBLIGA-
TIONS UNDER THE SUPPLY AGREEMENT AND SHALL HAVE THE RIGHT
TO REQUIRE THE RETURN OF ANY MATERIAL SUBJECT TO THE
SUPPLY AGREEMENT.

IN THE EVENT THAT THE US EXERCISES ITS RIGHTS UNDER THIS
EXCHANGE OF NOTES TO REQUIRE THE RETURN OF ANY US ORIGIN
MATERIAL OR MATERIAL PRODUCED THROUGH ITS USE, THE US
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SHALL PAY THE COST OF SHIPMENT AND, AFTER RETURN TO THE
US, SHALL REIMBURSE VENEZUELA THE FAIR MARKET VALUE OF
SUCH MATERIAL OR EQUIPMENT LESS THE COST OF SHIPMENT.
ANY DISPUTES AS TO THE AMOUNT OF SUCH REIMBURSEMENT SHALL
BE SETTLED PURSUANT TO ARTICLE 8 OF THE SUPPLY AGREEMENT.

IF THE GOVERNMENT OF VENEZUELA CONCURS, I SUGGEST THAT
THIS NOTE AND YOUR EXCELLENCY'S REPLY BE REGARDED AS
CONSTITUTING AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS,
WITH THE DURATION AS PROVIDED IN ARTICLE 9 (2) FOR
CERTAIN PROVISIONS OF THE SUPPLY AGREEMENT. END TEXT.

8. TEXT OF DRAFT VENEZUELAN NOTE TO THE US FOLLOWS:
BEGIN TEXT

I HAVE THE HONOR TO REFER TO YOUR NOTE OF (DATE) WHICH
SETS FORTH CERTAIN UNDERSTANDINGS REACHED BETWEEN THE
GOVERNMENT OF VENEZUELA AND THE GOVERNMENT OF THE UNITED
STATES OF AMERICA DURING DISCUSSIONS LEADING UP TO AMEND-
MENTS TO THE PROJECT AGREEMENT OF 7 NOVEMBER 1975,
BETWEEN THE GOVERNMENT OF VENEZUELA AND THE INTERNATIONAL
ATOMIC ENERGY AGENCY, WHEREBY THE AGENCY GRANTED ITS

ASSISTANCE TO VENEZUELA IN OBTAINING LOW ENRICHED URANIUM

FUEL FOR USE IN THE RV-1 RESEARCH REACTOR IN VENEZUELA AND THE SUPPLY AGREEMENT BETWEEN THE GOVERNMENTS OF VENEZUELA AND THE UNITED STATES OF AMERICA, AND THE IAEA WHEREBY LOW-ENRICHED URANIUM FUEL IS BEING PROVIDED BY THE US TO VENEZUELA FOR USE IN THE RV-1 RESEARCH REACTOR.

THE GOVERNMENT OF VENEZUELA RECOGNIZES THAT THE GOVERNMENTS OF VENEZUELA AND THE US SHARE A COMMON INTEREST IN ENCOURAGING UNIVERSAL ADHERENCE TO THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS, AND THAT THE TWO GOVERNMENTS ARE DEEPLY COMMITTED TO THE PEACEFUL USES OF NUCLEAR ENERGY FOR THE BENEFIT OF THEIR PEOPLE AND OF

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ALL MANKIND.

DURING THE DISCUSSIONS LEADING UP TO THE SUPPLY AGREEMENTS, AND THE AMENDMENT TO THE PROJECT AGREEMENT, WHICH WERE SIGNED TODAY, THE FOLLOWING ADDITIONAL UNDERSTANDINGS WERE REACHED.

IN THE EVENT THAT THE GOVERNMENT OF VENEZUELA OR THE US BECOMES AWARE OF CIRCUMSTANCES WHICH DEMONSTRATE THAT THE AGENCY IS FOR ANY REASON UNABLE TO APPLY SAFEGUARDS AS PROVIDED FOR BY THE AGREEMENT FOR THE APPLICATION OF SAFEGUARDS IN CONNECTION WITH THE TREATY FOR THE PROHIBITION OF NUCLEAR WEAPONS IN LATIN AMERICA AND THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS (THE QUOTE SAFEGUARD AGREEMENT UNQUOTE) OR UNDER OTHER ARRANGEMENTS FOR THE IMPLEMENTATION OF THE AGENCY'S SAFEGAUARDS RIGHTS AND RESPONSIBILITIES AS SPECIFIED IN SECTION 5 OF ARTICLE IV OF THE PROJECT AGREEMENT AND AS REFERENCED IN SECTION 2 OF ARTICLE 5 OF THE SUPPLY AGREEMENT OR TO ENSURE THAT THE UNDERTAKING MADE BY THE GOVERNMENT OF VENEZUELA IN SECTION 1 OF ARTICLE 5 OF THE SUPPLY AGREEMENT IS BEING FULFILLED, THE PROVISIONS OF NUMBERED PARAGRAPHS 1, 2 AND 3 SHALL APPLY. THESE PROVISIONS REFLECT THE TERMS OF UNITED STATES BILATERAL SAFEGUARDS ARRANGEMENTS WHICH ARE PROVIDED FOR IN THE UNITED STATES-VENEZUELA AGREEMENT FOR COOPERATION AND OTHER AGREEMENTS FOR COOPERATION AND WHICH WOULD BE IMPLEMENTED ONLY IN THE CIRCUMSTANCES REFERRED TO ABOVE.

1. THE US SHALL HAVE THE RIGHT TO REVIEW THE DESIGN OF

A. THE RV-1 RESEARCH REACTOR, AND

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B. ANY OTHER EQUIPMENT, THE DESIGN OF WHICH THE US DETERMINES TO BE RELEVANT TO THE EFFECTIVE APPLICATION

OF SAFEGUARDS,

WHICH ARE TO USE, FABRICATE, OR PROCESS ANY MATERIAL TRANSFERRED PURSUANT TO THE AGREEMENT OR ANY SPECIAL NUCLEAR MATERIAL USED IN OR PRODUCED THROUGH THE USE OF SUCH MATERIAL.

2. THE US SHALL HAVE THE RIGHT TO REQUIRE THE MAINTENANCE AND PRODUCTION OF RECORDS AND TO REQUEST AND RECEIVE REPORTS FOR THE PURPOSE OF ASSISTING IN ENSURING THE ACCOUNTABILITY FOR ANY MATERIAL TRANSFERRED TO VENEZUELA BY THE US PURSUANT TO THIS AGREEMENT AND ANY SOURCE MATERIAL OR SPECIAL NUCLEAR MATERIAL USED IN OR PRODUCED THROUGH THE USE OF SUCH MATERIAL SO TRANSFERRED.

3. FOR PURPOSES OF ENSURING THAT THERE IS COMPLIANCE WITH THIS AGREEMENT, THE US SHALL AS NECESSARY TO ACCOUNT FOR THE MATERIAL SUBJECT TO PARAGRAPH 2, HAVE THE RIGHT TO:

A. DESIGNATE, AFTER CONSULTATION WITH VENEZUELA PERSONNEL, WHO, ACCOMPANIED, IF EITHER PARTY SO REQUESTS, BY PERSONNEL DESIGNATED BY VENEZUELA, SHALL HAVE ACCESS IN VENEZUELA TO ALL PLACES AND DATA.

B. INSPECT ANY EQUIPMENT;

C. INSTALL ANY DEVICES, AND

D. MAKE SUCH INDEPENDENT MEASUREMENTS AS MAY BE DEEMED NECESSARY.

VENEZUELA SHALL ESTABLISH AND MAINTAIN A SYSTEM OF CONFIDENTIAL

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ACCOUNTING FOR AND CONTROL OF ALL NUCLEAR MATERIAL SUBJECT TO THE AGREEMENT, TO BE BASED ON A STRUCTURE OF MATERIAL BALANCE AREAS AND TO INCLUDE SUCH MEASURES AS:

A. A MEASUREMENT SYSTEM, WHICH CONFORMS TO THE LATEST INTERNATIONAL STANDARDS OR IS EQUIVALENT IN QUALITY TO SUCH STANDARDS, FOR THE DETERMINATION OF THE QUANTITIES

OF NUCLEAR MATERIAL RECEIVED, PRODUCED, SHIPPED, LOST
OR OTHERWISE REMOVED FROM INVENTORY, AND THE QUANTITIES
ON INVENTORY;

B. THE EVALUATION OF PRECISION AND ACCURACY OF MEASURE-
MENTS AND THE ESTIMATION OF MEASUREMENT UNCERTAINTY;

C. PROCEDURES FOR IDENTIFYING, REVIEWING AND EVALUATING
DIFFERENCES BETWEEN SHIPPER AND RECEIVER MEASUREMENTS;

D. PROCEDURES FOR TAKING A PHYSICAL INVENTORY;

E. PROCEDURES FOR THE EVALUATION OF ACCUMULATIONS OF
UNMEASURED INVENTORY AND UNMEASURED LOSSES;

F. A SYSTEM OF RECORDS AND REPORTS SHOWING, FOR EACH
MATERIAL BALANCE AREA, THE INVENTORY OF NUCLEAR MATERIAL
AND THE CHANGES IN THAT INVENTORY INCLUDING RECEIPTS INTO
AND TRANSFERS OUT OF THE MATERIAL BALANCE AREA;

G. PROVISIONS TO ENSURE THAT THE VENEZUELAN PROCEDURES
AND ARRANGEMENTS ARE BEING OPERATED CORRECTLY; AND

H. OTHER SYSTEMS OF MEASUREMENT, CONTAINMENT AND SUR-
VEILLANCE AS ARE NECESSARY TO FACILITATE THE APPLICATION
OF SAFEGUARDS.

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THE GOVERNMENT OF VENEZUELA IS COMMITTED TO COMPLY WITH
ALL OF ITS OBLIGATIONS UNDER THE SUPPLY AGREEMENT.

HOWEVER, IN THE EVENT THAT VENEZUELA, AT ANY TIME FOLLOW-
ING ENTRY INTO FORCE OF THIS AGREEMENT:

A. DOES NOT COMPLY WITH THE PROVISIONS OF ARTICLE 5, 6
AND 9 OF THE SUPPLY AGREEMENT OR WITH THIS EXCHANGE OF
NOTES;

B. DOES NOT ACCEPT SAFEGUARDS AS PROVIDED FOR BY THE
SAFEGUARDS AGREEMENT;

C. DETONATES A NUCLEAR EXPLOSIVE DEVICE;

D. TERMINATES OR ABROGATES IAEA SAFEGUARDS; OR

E. MATERIALLY VIOLATES AN IAEA SAFEGUARDS AGREEMENT,

THE US SHALL HAVE THE RIGHT TO REQUIRE THE RETURN OF ANY
MATERIAL SUBJECT TO THE SUPPLY AGREEMENT.

IN THE EVENT THAT VENEZUELA, AT ANY TIME FOLLOWING THE
ENTRY INTO FORCE OF THE SUPPLY AGREEMENT.

A. ASSISTS, ENCOURAGES, OR INDUCES ANY NON-NUCLEAR
WEAPON STATE TO ENGAGE IN ACTIVITY INVOLVING SOURCE OR
SPECIAL NUCLEAR MATERIAL AND HAVING DIRECT SIGNIFICANCE
FOR THE MANUFACTURE OF NUCLEAR EXPLOSIVE DEVICES, OR

B. ENTERS INTO AN AGREEMENT FOR THE TRANSFER OF RE-
PROCESSING EQUIPMENT, MATERIALS, OR TECHNOLOGY TO THE

SOVEREIGN CONTROL OF A NON-NUCLEAR-WEAPON STATE EXCEPT
IN CONNECTION WITH AN INTERNATIONAL FUEL CYCLE EVALUATION
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IN WHICH BOTH PARTIES PARTICIPATE OR PURSUANT TO A SUB-
SEQUENT INTERNATIONAL AGREEMENT OR UNDERSTANDING TO WHICH
BOTH PARTIES SUBSCRIBE,

THE US SHALL AT ITS OPTION BE DISCHARGED OF ITS OBLIGATIONS
UNDER THE SUPPLY AGREEMENT AND SHALL HAVE THE RIGHT TO
REQUIRE THE RETURN OF ANY MATERIAL SUBJECT TO THE SUPPLY
AGREEMENT.

IN THE EVENT THAT THE US EXERCISES ITS RIGHTS UNDER THIS
EXCHANGE OF NOTES TO REQUIRE THE RETURN OF ANY US ORIGIN
MATERIAL OR MATERIAL PRODUCED THROUGH ITS USE, THE
GOVERNMENT OF VENEZUELA UNDERSTANDS THAT THE US SHALL PAY
THE COST OF SHIPMENT AND, AFTER RETURN TO THE US, SHALL
REIMBURSE VENEZUELA THE FAIR MARKET VALUE OF SUCH
MATERIAL OR EQUIPMENT LESS THE COST OF SHIPMENT. ANY
DISPUTES AS TO THE AMOUNT OF SUCH REIMBURSEMENT SHALL BE
SETTLED PURSUANT TO ARTICLE 8 OF THE SUPPLY AGREEMENT.

THE GOVERNMENT OF VENEZUELA AGREES THAT THIS NOTE AND
YOUR EXCELLENCY'S NOTE BE REGARDED AS CONSTITUTING AN
AGREEMENT BETWEEN OUR TWO GOVERNMENTS, WITH THE DURATION
AS PROVIDED IN ARTICLE 9 (2) FOR CERTAIN PROVISIONS OF
THE SUPPLY AGREEMENT. END TEXT. VANCE

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Message Attributes

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Secure: OPEN
Status: NATIVE
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TAGS: TECH, PARM, ENRG, VE, IAEA
To: VIENNA CARACAS
Type: TE
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